

Message Text

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SUBJ: EVALUATION OF MINERALS TECHNICAL SEMINAR, OCTOBER 18-21, 1976,
JAKARTA

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1. EFFECTIVENESS OF MISSION IN PROMOTING US EXPORTS:
AS REPORTED IN REFTEL PANEL PARTICIPANTS EVALUATED
SEMINAR AS A SUCCESS, ALTHOUGH SOME OF THE PARTICIPANTS
DID NOT ACHIEVE THE IMMEDIATE SALES WHICH THEY HAD INDICATED
WAS ONE OF THE REASONS THEY HAD PARTICIPATED IN THE
SEMINAR. WE WOULD AGREE WITH THIS ASSESSMENT. IN FACT,
GIVEN THE NATURE OF THE EQUIPMENT (I.E. ITS HIGH COST AND
LONG DELIVERY TIME), WE BELIEVE IT WAS UNREALISTIC ON THE
PART OF THE PARTICIPANTS TO EXPECT IMMEDIATE SALES IMPACT.
A NUMBER OF SOLID SALES LEADS WERE DEVELOPED, AND WE ANTI-
CIPATE THAT PANEL PARTICIPANTS MAY REAP BENEFITS OF BETWEEN
\$2-5 MILLION/ YEAR OVER THE NEXT FEW YEARS. ASSESSING
THE IMPACT ON US EXPORTS IS MORE PROBLEMATIC; GIVEN OUR
TECHNOLOGICAL LEAD IN MINING EQUIPMENT SOME OF THESE SALES
WOULD HAVE UNDOUBTEDLY GONE TO US MANUFACTURERS, EITHER
THE PANEL PARTICIPANTS OR THEIR COMPETITORS,
THE FULL IMPACT ON US EXPORTS CAN ONLY BE JUDGED IN LIGHT
OF THE VIGOR OF THE FOLLOWUP OF THE US EXPORTERS, THEIR
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LOCAL AGENTS, AND THEIR FOREIGN COMPETITORS.

2. TIMELINESS AND APPROPRIATENESS OF THE MISSION:

THIS MISSION WAS PARTICULARLY SUITABLE FOR INDONESIA BECAUSE OF THE LARGE AND GROWING ROLE PLAYED BY THE MINING INDUSTRY IN THE PROCESS OF NATIONAL DEVELOPMENT. AS FOR ITS TIMELINESS, THERE ARE CURRENTLY A NUMBER OF LARGE PROJECTS IN VARIOUS STAGES OF PLANNING AND IMPLEMENTATION; THIS WILL IN ALL LIKELIHOOD CONTINUE TO BE TRUE FOR SOME YEARS TO COME, THEREFORE THE MISSION SHOULD BE JUDGED AS BOTH TIMELY AND APPROPRIATE.

3. SHORT AND LONG-TERM IMPACT:

AS MENTIONED ABOVE, AND REPORTED IN REFTTEL, THERE WERE NO IMMEDIATE SALES REPORTED, BUT LEADS WERE DEVELOPED WHICH SHOULD PAY OFF OVER THE COURSE OF NEXT TWO TO THREE YEARS. MOREOVER, TWO OF THE FIVE PARTICIPATING FIRMS SIGNED SALES AGENTS, IN PART AS A RESULT OF THE AGENT'S WORK WITH REGARDS TO THE SEMINAR. THIS IS AN IMPORTANT LONG-TERM RESULT BECAUSE STRENGTH OF LOCAL REPRESENTATION IS VITAL TO ANY HOPE OF SUCCESS IN THE INDONESIAN MARKET. ALL OF THE PARTICIPANTS MADE CONTACTS AND ENHANCED THEIR PRESENCE IN THE MARKET IN A MANNER WHICH SHOULD REAP DIVIDENDS OVER THE COURSE OF THE NEXT FEW YEARS.

4. COMMENTS AND RECOMMENDATIONS:

A PROBLEM IN PREPARING MISSIONS FOR THE INDONESIAN MARKET IS FINDING THE APPROPRIATE EMPHASIS WITH REGARDS TO THE LEVEL OF TECHNOLOGY OF THE INDUSTRY. IN OUR RECOMMENDATIONS TO USDOC REGARDING PREPARATIONS FOR THE SEMINAR, WE NOTED THAT THE PANELISTS PRESENTATION SHOULD NOT EMPHASIZE THE QUOTE LATEST STATE OF THE ART END QUOTE IN THE US BUT SHOULD OFFER PRACTICAL SOLUTIONS TO AN INDUSTRY WHICH IN MOST REGARDS IS TECHNOLOGICALLY FAR BEHIND THE US AND IS SEEKING TO MODERNIZE. DISCUSSING THIS PROBLEM WITH REPRESENTATIVES OF OUR INDONESIAN CO-SPONSOR, THE INDONESIAN MINING ASSOCIATION, WE FOUND GREAT SENSITIVITY TO THE IDEA THAT THE INDONESIAN MINING INDUSTRY COULD BE CONSIDERED ANYTHING LESS THAN MODERN. HOWEVER, WHEN, IN THEIR PRESENTATIONS, THE PANELISTS POINTED TO THE TREND IN THE US TOWARDS EVER LARGER EQUIPMENT, MOST OF THE INDONESIANS IN

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THE AUDIENCE SEEMED TO FEEL THAT EQUIPMENT OF THE SIZE DISCUSSED WAS IMPRACTICAL FOR THE INDONESIAN MARKET. IN FACT, THE INDONESIAN MINING INDUSTRY IS AN EXTREMELY HETEROGENEOUS ONE INCLUDING EVERYTHING FROM GIANT MULTINATIONALS TO PICK AND SHOVEL MINERS AND THEREFORE FINDING AN EXACTLY APPROPRIATE EQUIPMENT MIX MAY NOT BE POSSIBLE. BUT INsofar AS POSSIBLE THE PANELISTS SHOULD BE AWARE OF THE NATURE OF THE LOCAL INDUSTRY AND

THEIR PRESENTATIONS SHOULD TAKE COGNIZANCE OF THE ENVIRONMENT IN WHICH IT OPERATES (I.E. TROPICAL, BAD ROADS, STRONG POSSIBILITY OF INADEQUATE MAINTENANCE). IN ADDITION TO THE GIANT MULTINATIONALS ENGAGED IN MINING IN INDONESIA, THERE ARE SEVERAL LARGE, STATE-OWNED MINING FIRMS, AND THESE FIRMS REPRESENT A SIGNIFICANT MARKET. U.S. EXPORTERS SHOULD BE GETTING A FAIR SHARE OF THIS MARKET. A SECOND OBSERVATION IS THAT THE ADVANTAGES WON THROUGH THE SEMINAR CAN ONLY BE SUSTAINED IF FOLLOWED UP ON MANY DIFFERENT LEVELS ... IN INDONESIA, THE US AND ELSEWHERE. DELIVERY TIMES, CREDIT TERMS, GUARANTEES AND DELIVERY OF MAINTENANCE SERVICES WILL ALL BE CRUCIAL TO THE LONG-TERM SALES IMPACT ON INDONESIA.

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